

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 EB-07 FPC-01 FEA-01 ERDA-05 AID-05

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TO AMEMBASSY JAKARTA

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E.O. 11652: NA

TAGS: ENRG, ID

SUBJECT: STATUS OF PACIFIC LIGHTING APPLICATIONS BEFORE
FPC

REF: JAKARTA 132.

1. DEPTOFF HAS RECENTLY QUERIED O'ROURKE OF SOUTHERN
CALIFORNIA GAS AND FPC STAFF COUNSEL ON ABOVE SUBJECT.

2. HEARINGS BEFORE FPC EXAMINER STILL IN PROGRESS AND
DEAL WITH THREE APPLICATIONS WHICH HAVE BEEN CONSOLIDATED:
PACIFIC INDONESIA LNG COMPANY'S (PI'S) APPLICATION UNDER
SECTION 3 OF NATURAL GAS ACT FOR AN ORDER AUTHORIZING
IMPORTATION OF LNG; PI'S APPLICATION UNDER SECTION 7(C),
JOINTLY WITH WESTERN LNG TERMINAL COMPANY (ANOTHER PACIFIC
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LIGHTING SUBSIDIARY), FOR A CERTIFICATE OF PUBLIC CONVEN-

IENCE AND NECESSITY TO CONSTRUCT REQUIRED TERMINAL, VAPORIZATION AND DELIVERY FACILITIES AT THREE PROPOSED PLACES IN SOUTHERN CALIFORNIA -- OXNARD (PORT HUENEME), LOS ANGELES HARBOR, OR POINT CONCEPTION; AND PI'S APPLICATION UNDER SECTION 7(C) TO SELL ABOUT 190 BILLION CUBIC FEET A YEAR OF VAPORIZED GAS TO SOCAL GAS AT 3.27 DOLS PER MILLION BTUS IN FIRST YEAR (OF REDUCED DELIVERIES), 2.98 DOLS IN SECOND YEAR, AND 2.92 DOLS THEREAFTER (AT FULL VOLUMES). (AT DEC 18 HEARING PACIFIC LIGHTING'S TODD SAID THESE PRICES COMPARED FAVORABLY WITH THAT FOR GASIFIED COAL AND ALASKA GAS.)

3. O'ROURKE BELIEVES FPC CANNOT POSSIBLY MEET PERTAMINA'S EXTENDED DEADLINE OF JULY 6, GIVEN ITS PROCEDURES, BUT HE IS CONFIDENT PERTAMINA WILL EXTEND DEADLINE FOR AS LONG AS NECESSARY, PROVIDED IT REMAINS CONVINCED FPC IS MOVING FORWARD WITHOUT UNTOWARD DELAY. FPC COUNSEL CONFIRMED DELIBERATENESS OF COMMISSION'S PROCEDURES AND DID NOT FORESEE FINAL FPC DECISION BEING ISSUED UNTIL LATE WINTER OR MID-SPRING OF 1977. CURRENT ROUND OF HEARINGS PROBABLY WILL END IN FEB. THREE FURTHER BRIEF RESUMPTIONS OF HEARINGS BETWEEN FEB AND JUNE ARE EXPECTED TO PICK UP VARIOUS REQUIRED TESTIMONY (E.G. MARAD STATEMENT, FPC STAFF'S ENVIRONMENTAL IMPACT STATEMENT) BEFORE EXAMINER BEGINS HIS FORMAL CONSIDERATION OF EVIDENCE. HIS FINDINGS AND RECOMMENDATIONS MAY NOT BE ISSUED UNTIL SEPT OR OCT. THEN FOLLOWS A MONTH OR SO IN WHICH PARTIES AT INTEREST MAY FILE BRIEFS TAKING EXCEPTION TO EXAMINER'S REPORT AS WELL AS BRIEFS REBUTTING SUCH EXCEPTIONS. WHOLE DOCUMENTARY PACKAGE WOULD PROBABLY REACH COMMISSIONERS BY LATE NOV OR EARLY DEC 1976. THEY COULD TAKE ONE TO FIVE MONTHS TO REACH THEIR DECISION. MEANWHILE, VARIOUS APPLICATIONS TO IMPORT LNG FROM ALGERIA ARE ALSO STILL BEFORE HEARING EXAMINERS. UNLIKELY THAT COMMISSIONERS WOULD WISH TO FORMALLY CONSOLIDATE SUCH APPLICATIONS WITH THREE FROM PI, SINCE CIRCUMSTANCES DIFFER.

4. O'ROURKE FURTHER REPORTS THAT PACIFIC LIGHTING HAS COMPLETED ITS CHARTERING OF NINE TANKERS. THREE WILL BE FOREIGN-FLAG SHIPS; ONE IS NOW IN SERVICE (BEN FRANKLIN LIMITED OFFICIAL USE

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OWNED BY FRENCH FIRM GAZ OCEAN), OTHER TWO ARE BEING BUILT FOR ZODIAC TRADING AND ODYSSEY TRADING, SUBSIDIARIES OF AN ANGLO-FRENCH SYNDICATE GAS TRANSCO. REMAINING SIX TANKERS WILL FLY U.S. FLAG AND WILL BE BUILT IN U.S. (THREE TO BE OWNED BY ZAPATA WESTERN LNG CORP, THREE BY OGDEN MARINE INDONESIA INC.) MARAD WILL BE ASKED TO PROVIDE CONSTRUCTION DIFFERENTIAL SUBSIDIES FOR THESE SIX SHIPS, BUT NO PLANS ARE KNOWN TO ASK MARAD FOR OPERATING

SUBSIDIES.

5. AT DEC 18 HEARING WHICH DEPTOFF ATTENDED, TODD SAID,
INTER ALIA, THAT THERE IS NO IN-PLACE FACILITY IN
SOUTHERN CALIFORNIA FOR DISTRIBUTING HEATING FUEL TO 3.2
MILLION HOMES NOW SERVED BY SOCAL GAS AND USING GAS-FIRED
APPLIANCES; AND THAT THERE WOULD BE SERIOUS ENVIRONMENTAL
IMPACT AND COST PROBLEMS IF SOCAL GAS WERE TO UNDERTAKE

ALTERNATIVE OF MAKING GAS FROM PETROLEUM STOCKS. KISSINGER

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